REPORT OF THE MANITOBA LABOUR TASK FORCE ON S.E.R.V.I.C.E.*

June 6, 1991

* Strategies for Effectiveness, Reform Vision, Innovation, Communication and Empowerment

" THERE IS NOTHING MORE DIFFICULT TO TAKE IN HAND, MORE PERILOUS TO CONDUCT, OR MORE UNCERTAIN IN ITS SUCCESS, THAN TO TAKE THE LEAD IN THE INTRODUCTION OF A NEW ORDER OF THINGS. "

Niccolo Machiavelli
Florentine Statesman

EXECUTIVE SUMMARY

There is a growing movement -- some would say it's a revolution -- in Canada today which stresses the benefits of quality products and quality service. Those who have joined the movement claim that their preoccupation with quality has reduced human resource expenditures, increased client satisfaction, re-energized the organization's culture, and greatly increased productivity and effectiveness. A quality service ethic has rewards for everyone - those financing operations, those conducting operations, and those receiving service. The public sector forms part of this movement: Public Service 2000 in the federal government, Service Quality B.C. at the provincial level, and the award winning Minnesota S.T.E.P. program are recent initiatives. Manitoba Labour has the opportunity and the desire to play a leadership role in achieving service quality in the Manitoba public sector.

While Manitoba Labour was not fully aware of the service revolution when the Deputy Minister commissioned a reorganization study in 1989, its importance was evident very early. In early 1991, the Deputy Minister established a Steering Committee and Task Force to examine the various issues around the delivery of quality service and program effectiveness. Her willingness to be held accountable for results fuelled the various projects.

While the Task Force was meeting, a very important decision occurred which delivered a powerful and positive message to Manitoba Labour staff. Treasury Board authorized changes to the appropriation structure of the Department so that the vast majority of operations are encompassed by one main appropriation. In addition, the Department now has authority to move funds between salary and operating on condition that it does not request supplementary funding. The recommendations of the S.E.R.V.I.C.E. Task Force Steering Committee are intended to build upon this progressive Treasury Board decision.

RECOMMENDATION 1

That the Department formally confirm that service quality improvement is the fundamental, overriding operating principle of Manitoba Labour.

RECOMMENDATION 2

That concerted efforts be made to change the organizational culture of Manitoba Labour from one emphasizing specialization, rule conformity, error avoidance and tradition to a culture emphasizing teamwork, results, entrepreneurship and service quality.

RECOMMENDATION 3

That Manitoba Labour undertake to empower staff to make decisions that are consistent with legislation and the collective agreement and that meet standards of prudence and probity.

RECOMMENDATION 4

That Manitoba Labour undertake priority efforts to measure and report on efficiency, effectiveness and client satisfaction.

RECOMMENDATION 5

That the Department's Executive Committee recognize the need for constant reinforcement of its quality service initiatives by seconding individuals to implement various projects.

RECOMMENDATION 6

That serious efforts be taken to completely overhaul the current job evaluation system from one emphasizing the categorization of jobs to one that emphasizes the strategic plans and culture of Manitoba Labour.

RECOMMENDATION 7

That our staff selection practices emphasize client service aptitudes, team orientation and creativity as key criteria.

> "Public-service institutions such as government agencies, labour unions, churches, universities and schools, hospitals, community and charitable organizations ... and the like, need to be entrepreneurial and innovative fully as much as any business does. Indeed, they may need it more. The rapid changes in today's society, technology, and economy are simultaneously an even greater threat to them and an even greater opportunity"
> (Peter Drucker, quoted in Firing on All Cylinders by Jim Clemmer)

Almost unbeknown to Manitoba Labour at the outset of its quest to create more flexibility, management freedom, superior client service and program effectiveness in a time of prolonged fiscal restraint, there exists in Canada a growing movement with the same objectives. What modern public organizations are finding out is something the Japanese discovered years ago. Service organizations typically have 30 - 40% of their employees redoing, re-reviewing, or otherwise correcting mistakes or covering up errors. With a singular focus on quality an organization not only reduces its overhead (because it's done right the first time) but it receives the added benefit of creating legions of happy, satisfied clients. Higher quality and higher productivity should be the goal of any modern public organization competing for limited funds. As Jim Clemmer, a Canadian at the forefront of this growing movement, has said "Productivity, quality, and service are interconnected ... turbocharged by a key improvement force -- innovation"

Partly in response to the service quality revolution, the Federal Government embarked on an ambitious initiative to reform and renew their public sector. Public Service 2000: The Renewal of the Public Service of Canada outlines a series of recommendations designed to bring productivity, quality, service and innovation to government:

> (These) measures ... if successfully implemented, will result in a very different Public Service over the next ten years. It will be different not because its values will have changed, but because Public Servants will find themselves operating in a much more flexible and service-oriented way. The public will find that service has improved because the traditional preoccupation with rules and process has been replaced by an institutional culture and philosophy of management that puts clients and results first. Ministers will be better supported because Public Servants will have greater self-confidence and be more innovative, and they will be better informed about public needs and attitudes. (emphasis added)

The Government of British Columbia has seconded their Comptroller General to head up their "Service Quality B.C." initiative. Several B.C. government departments and crown agencies have banded together to promote, institute and sustain centers of excellence across the public sector. The City of Ottawa, Calgary, London, Ontario, B.C. Tel, the State of Minnesota and others have all recognized and endorsed the Service Quality revolution. Manitoba Labour is proud to be singled out as "an experiment" in the reform of practices and procedures in the provincial public sector.

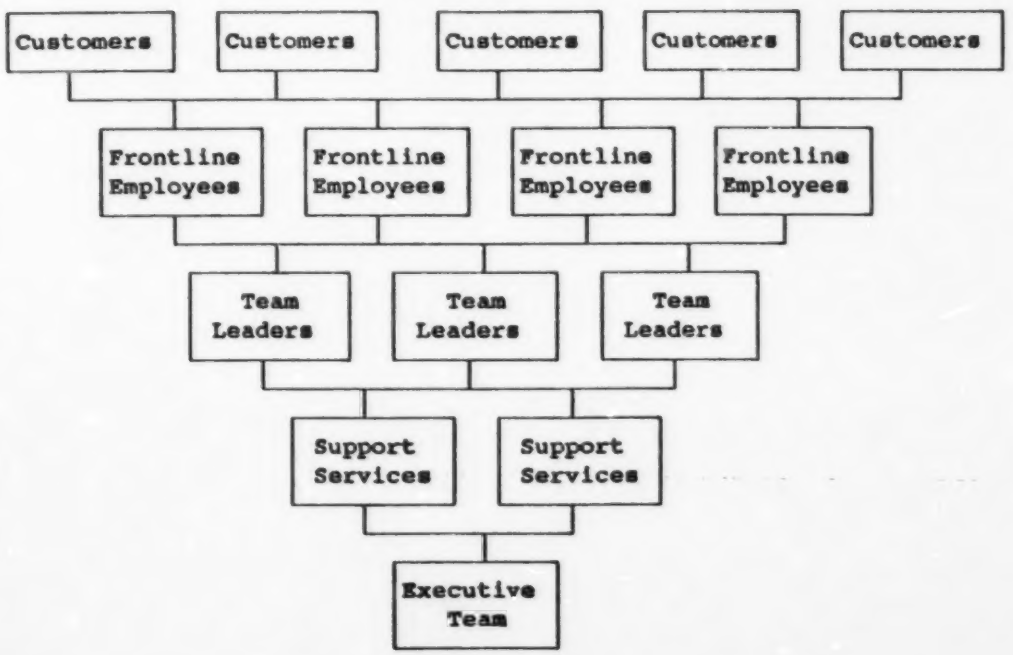
In preparing its report, the S.E.R.V.I.C.E. Task Force Steering Committee,

1. endorses the findings of Ian D. Clark, Secretary of the Federal Treasury Board:

   a) The management culture is too rules-oriented.
   b) Too much rule setting occurs at the center. Central agencies have to focus less on control and more on management policy leadership.
   c) Departmental managers on the service delivery line lack sufficient authority to act.
   d) Many staff see themselves as cogs in the wheel, not valued individuals.

2. endorses the modern concept that it is no longer acceptable for organizations to operate on the typical hierarchical pyramid where frontline employees try to make the job of their managers easier and managers, in turn, try and make the job of the executive easier. In its place the pyramid must be turned upside down where the client/customer is being served by the organization and where the job of managers at each organization level is to "coach" and assist their subordinates, removing obstacles to superior performance. It is not the superiors' job to ask their staff "how can I help to make it easier for you to deliver quality service?"

STRUCTURED FOR HIGH SERVICE/QUALITY



3. agrees with Tim Plumptre (President of the Institute on Governance) whose organization found what distinguished first class organizations from mediocre ones:

   a. top management puts a lot of time into formulating and communicating a service-centered vision;

   b. they attach great importance to open consultative relationships with their clients;

   c. they treat their staff well;

   d. they realize that innovation is the key to superior service;

   e. they pay a lot of attention to monitoring and share the results with staff;

   f. they ensure that the "service encounter" (i.e. that point where client and public servant interact) occurs in a positive way;

   g. they make effective use of information technology;

   h. they wage constant war against bureaucratic red tape.

Much has occurred since January 1990 when the Deputy Minister centered her reorganization plan around the Department's capacity to provide acceptable client service, to improve the effectiveness and efficiency of program delivery and to enhance accountability. Among the significant occurrences:

1) The Minister of Finance endorsed the desire of the Department to be more accountable in a system which possessed more flexibility. (see Appendix 7)

2) A Steering Committee and Task Force were established to examine the various issues involved with greater freedom.

3) All staff in Manitoba Labour were invited to attend (almost all did) a seminar custom tailored for Labour entitled Mastering the Service Challenge for Government Employees. (see Appendix 12)

4) Conducted a comprehensive baseline study of staff attitudes and expectations. (see Appendix 10)

5) Received Treasury Board approval to fundamentally change the main appropriation structure of the Department including the ability to move monies between salary and operating. (see Appendix 8)

6) Hosted several management information sessions where the value and significance of flexibility and innovation are beginning to be recognized by middle management.

The opportunities for a complete change in how Manitoba Labour does its job are almost limitless. The Steering Committee believes staff of the Department are up to the challenge. What is needed is encouragement, support, and generosity from central government agencies so we can show Manitoba is on the leading edge of the current service revolution.

STEERING COMMITTEE AND TASK FORCE

In the early part of 1991, the Deputy Minister authorized the creation of a Task Force on Management Reform in the Department of Labour. Its mandate was to examine those areas considered critical to the Department's success in achieving improved overall effectiveness and to make recommendations for eventual follow-up by the Executive. What follows is the result of that process.

It was decided prior to the Task Force's creation that membership would be drawn from the staff of the Department rather than from senior management. Such membership offered interested staff the opportunity to demonstrate their analytical and communication skills, their project planning abilities and their general aptitude for management issues. It was also felt that feedback from service delivery staff would be more forthcoming to their colleagues.

Task Force members reported to a Steering Committee chaired by the Deputy Minister with representation from line management, the Department of Finance and Treasury Board Secretariat. A separate meeting room was made available and at least once a week meetings were held between the Steering Committee and Task Force members.

Those selected for membership on the Steering Committee and the Task Force are listed in Appendix 1.

TASK FORCE OPERATING PRINCIPLES AND PROCEDURES

Project leaders were free to develop their own methodology but were encouraged to research available literature and to actively seek open dialogue with Manitoba Labour staff. After choosing an interesting acronym for the overall project (S.E.R.V.I.C.E. being the short form for Strategies for Effectiveness, Reform, Vision, Innovation, Communication and Empowerment) it was the consensus to:

1. operate in a totally open manner. There were to be no secrets on the part of the task force as it was felt that organizational anxiety would be needlessly created;

2. to openly share each others views. It was considered axiomatic that we could all learn from each other and all ideas should be open for analysis, scrutiny and debate. Open sharing of views also created interest from all members and resulted, we believe, in better "products".

Feedback from departmental staff was openly solicited by requesting anyone who wished to stop by the meeting room to present ideas (no one did), by conducting three "open forums" for staff to attend (over 40 people attended) and by inviting written submissions.

The Steering Committee chose seven areas for specific attention and analysis.

1. **MAIN APPROPRIATION RESTRUCTURING**

   The need for a single main appropriation structure for the Department as a means of achieving fiscal flexibility for the Executive. A more responsive fiscal structure will permit the Department to more effectively respond to emerging service demands and policy shifts. The Steering Committee took responsibility for this initiative.

2. **PROGRAM MEASUREMENT AND REPORTING**

   The need to measure success or failure of programs from both a policy and operational perspective was universally recognized as crucial to the enhancement of management reforms. A belief that we are not doing proper measurement for internal, political, or external consumption also guided the Steering Committee in analyzing this process.

3. **DELEGATION OF AUTHORITY**

   The Steering Committee felt that the merits of delegation should be examined with a view to detailing those authorities which needed to be brought closer to the service delivery level.

4. **EMPLOYEE REWARDS**

   Good service needs to be recognized. How staff feel about rewards, how the MGEA feels and how managers feel needed to be adequately explored.

5. **MANAGEMENT IMPROVEMENT "TRUST FUND"**

   It was considered useful to explore the issues surrounding the creation of a vehicle which would permit program savings to be "reinvested" in operational improvements and to reduce overall government expenditures.

6. **COST RECOVERY**

   The Department currently recovers about one-half of its expenditures through various fees and charges. The Steering Committee felt the principle of full cost recovery should be reviewed for administrative and policy feasibility.

7. **STAFF COMMUNICATION AND TRAINING**

   Methods of reinforcing any new initiatives needed to be explored. There is virtual unanimity in the literature that change, any change, requires constant communication and training support. How best to implement these initiatives in the current cultural context needed review and analysis.

RECOMMENDATIONS

The Steering Committee is aware of the growing movement for better service in the public sector. This service improvement is not to be fuelled by historical reliance on increased resource allocation but by increased use of imagination, flexibility, freedom to manage, and the innate entrepreneurial capabilities of those charged with service delivery.

The task of actually improving service delivery is monumental. It requires the re-oriented thinking of staff, managers, the Executive, Ministers, central agencies and the government. A game plan, implemented by team players, is fundamental for success. At least a three year period of activity is needed before the overall success of our efforts can be meaningfully analyzed.

RECOMMENDATION 1

That the Department formally confirm that service quality improvement is the fundamental, overriding operating principle of Manitoba Labour.

The adoption of this recommendation would be a powerful signal to departmental staff that senior officials and government are serious about change. It would serve as the main criteria for assessing budgets, projects, policy proposals as well as performance. Whereas in the past our proposals and operations have been reviewed for conformity and expenditure patterns, in the future we would have to justify how service is being improved.

RECOMMENDATION 2

That concerted efforts be made to change the organizational culture of Manitoba Labour from one emphasizing specialization, rule conformity, error avoidance and tradition to a culture emphasizing teamwork, results, entrepreneurship and service quality.

This is a tall order but can be accomplished using various meaningful initiatives. For instance:

- permitting managers to make arrangements and accommodations with other managers on program expenditures;
- establishing service contracts between supervisors and subordinates which not only emphasize the results expected of the subordinate but the "coaching" assistance to be provided by the supervisor;
- reinforcing the notion that under a regime where taking risks is expected, so are mistakes. Emphasis should be placed on how well we recover from mistakes, not just how to avoid them;
- instituting a performance appraisal system which rewards successful team work, service quality and results;
- semiannual management team meetings where the sole topics for discussion would be service quality improvement and related general management topics;
- provide department-wide training opportunities for all staff where service quality is emphasized;
- continue the practice established by the S.E.R.V.I.C.E. Task Force where "open staff forums" are conducted regularly;
- communicating service quality successes throughout the Department and government.

RECOMMENDATION 3

That Manitoba Labour undertake to empower staff to make decisions that are consistent with legislation and the collective agreement and that meet standards of prudence and probity.

Empowerment is a concept bigger than delegation of authority. The latter is an administrative process handed down to staff whereas empowerment embodies the concept that staff want to make decisions. It is recognized that the freedoms which come with empowerment can make senior management and the politicians nervous. It is also recognized that staff will be nervous in accepting more decision making. (For a good discussion on delegation in Manitoba Labour the reader is encouraged to read Chuck Simundson's report, Appendix 6).

The following process is recommended:

- Secure Treasury Board approval to exempt Manitoba Labour from the approval processes specified in the General Manual of Administration and Interim Treasury Board directives. Essentially, what now requires Treasury Board approval would require departmental Executive approval. (see Appendix 9)

- As the Executive becomes more comfortable with the process they could delegate authority to branch directors and supervisors on a request basis. ADMs would control the process within their division by specifying the process and requirements for delegation from the Executive. This procedure recognizes that not all directors and staff are at the same status of readiness and it reinforces the notion that delegation is a privilege and not a right.

- There is a need to review the various statutes Labour manages with a view to delegating authorities contained within these laws.

RECOMMENDATION 4

That Manitoba Labour undertake priority efforts to measure and report on efficiency, effectiveness and client satisfaction.

There is wide acceptance that different (as opposed to more) measurement is needed in government. The Department wants to be held accountable for its decisions and recognizes it needs to produce meaningful measures for its internal use as well as to report on progress to the central agencies and government. The following represents the recommended approach:

- endorse the 12 attributes of effectiveness contained within the framework published by The Canadian Comprehensive Auditing Foundation (CCAF); (see Appendix 13)

- concentrate on measuring these attributes at a level higher than the branch level (i.e. either at the division level, at the "line of business" level or at the departmental level);

- assign competent staff to the Deputy Minister's office to coordinate our measurement initiatives;

- priority should be given to those attributes which measure client and staff satisfaction.

RECOMMENDATION 5

That the Department's Executive Committee recognize the need for constant reinforcement of its quality service initiatives by seconding individuals to implement various projects.

It is often unfair and unproductive to expect staff to dedicate themselves to new initiatives while also carrying a normal workload. Short-term, full time assignments on selected issues will normally produce better results. Projects requiring coordination include:

- program effectiveness measurements including follow-up to the staff attitudes baseline study and implementation of client satisfaction surveys;

- staff communication which is to include the establishment of some of the formats recommended in the task force report (e.g. staff forums, fact sheets, newsletters, etc.);

- training staff in the techniques and processes involved with quality service delivery. Emphasis must be on training everyone in the department at least annually, preferably semiannually;

- establishment of even more fiscal flexibility such as the non-lapsing of monies (this project was studied by the Task Force and project staff recommended deferral until an assessment of the revised main appropriation structure could be done. The Steering Committee agrees with this cautious strategy);

- introduction of a group reward system which would be custom designed to meet the quality service mandate of the Department. Some suggestions were made by the task force (Appendix 3). The Steering Committee favours a gain-sharing approach;

- cost recovery initiatives need to be established and completed. In this regard, the task force project report (Appendix 2) is a reasonable guideline.

RECOMMENDATION 6

That serious efforts be undertaken to completely overhaul the current job evaluation system from one emphasizing the categorization of jobs to one that emphasizes the strategic plans and culture of Manitoba Labour.

Considerable informal discussion has occurred whereby the drawbacks to the current classification system are highlighted. It is generally conceded that the system is old, inflexible and rigidly controlled. Modern compensation theory emphasizes that your compensation system (which includes rewards, benefits, administration in addition to job evaluation) must support and complement your strategic plan. It is not a system which can, or should stand alone on its own merits.

Having said this, the Steering Committee is cognizant of the reality that there is very little formal pressure to change the system from senior management or the union. The task seems almost insurmountable. However, pay is still the most significant motivator around and a pay system which encourages the acquisition of knowledge, team work, productivity and empowerment would increase the likelihood of cultural change and effectiveness several fold.

RECOMMENDATION 7

That our staff selection practices emphasize client service aptitudes, team orientation and creativity as key criteria.

It is becoming apparent that flexibility to respond to emerging trends and opportunities do not turn on fiscal resources alone. Human resources also must become more adaptive and complementary to strategic objectives. With the real possibility that staffing activity will be severely curtailed, it is even more important that people be chosen based on their potential contribution to the overall success of the department. New approaches to staffing could include:

- more one-on-one interviews culminating in a selection panel;
- use of role plays or written analysis;
- more extensive reliance on reference checks.